

Congress of the United States  
House of Representatives  
Washington, DC 20515

February 7, 2020

The Honorable Ralph DLG. Torres  
Governor  
Commonwealth of the Northern Mariana Islands  
P.O. Box 10007  
Saipan, MP 96950

The Honorable Victor Borja Hocog  
President of the Senate  
Northern Marianas Commonwealth Legislature  
P.O. Box 500129  
Saipan, MP 96950

The Honorable Blas Jonathan Tenorio Attao  
Speaker of the House of Representatives  
Northern Marianas Commonwealth Legislature  
P.O. Box 500586  
Saipan, MP 96950

Dear Governor Torres, Senate President Hocog and House Speaker Attao:

A cover-over of federal funds to the Commonwealth to enable payment of the Earned Income Tax Credit is included in the *Puerto Rico Earthquake Supplemental* (H.R. 5687), which passed the House today. I first introduced legislation (H.R. 4309) to make this possible in 2015; and Governor Torres made obtaining a federal cover-over a central goal of his Section 902 consultations the following year. Unfortunately, we are aware of Republican opposition and President Trump has said he will veto the legislation.

The House action is, nevertheless, an important step towards the goal of providing working families in the Marianas with the Earned Income Tax Credit. This bill could provide eligible families an estimated \$10.7 million per year in refundable tax credits. This would make a real difference in their quality of life. And their spending would provide a needed boost to our economy.

Action will be required by the Commonwealth government, however. The current 100 percent tax on the Earned Income Tax Credit, imposed by the Legislature in Public Law 11-25 in 1998, will have to be repealed. As you know, this tax is of questionable legality in any case, because under provision of the Covenant, taxation in the Commonwealth is strictly required to mirror the federal Internal Revenue Code. The Commonwealth has the statutory authority to delink from the IRC, but has never exercised that option.

Also, if the cover-over of the Earned Income Tax Credit is enacted as per H.R. 5687, it will require a 75% federal, 25% local match for the Commonwealth to access the federal funds.

The Honorable Ralph DeLeon Guerrero Torres  
The Honorable Victor Borja Hocog  
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It is reasonable to assume, though, that an annual release of an estimated \$14.3 million in consumer spending will generate significant compensatory revenues to the Commonwealth. Availability of the Earned Income Tax Credit could also encourage entry into the local workforce, further increasing consumption driven revenue for the Commonwealth government.

I have worked closely on this issue in this Congress with my colleague and member of the House Ways and Means Committee, Representative Bill Pascrell of New Jersey. I am an original cosponsor of his bill, H.R. 3307, which built on my earlier legislation and which Ways and Means incorporated into the Puerto Rico Disaster Supplemental. Even if President Trump persists in blocking the bill, today's passage of an Earned Income Tax Credit cover-over for the Marianas by the House is, in itself, a giant stride forward.

I can assure you Mr. Pascrell and my other Democratic colleagues will continue to work with me to give families in the Marianas the same incentive to work that families elsewhere in America enjoy. Hopefully, the President will change his mind.

Sincerely,



GREGORIO KILILI CAMACHO SABLÁN  
Member of Congress

cc: Members, Northern Marianas Commonwealth Legislature